SPEED PROJECT ANNUAL REPORT #3

OCTOBER 2012 – SEPTEMBER 2013

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SPEED Project Annual Report #2
October 2011 – September 2012

EXECUTIVE SUMMARY

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remaining year of the project, SPEED will focus on communication campaigns and implementation support. The country is entering a new political cycle with local elections in November 2013 and national elections in November 2014. It is widely believed that political concerns will consume much if not most of the energy of key Ministers. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approvals.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local partner SAL & Caldeira.

SPEED completed its third year of operations out of a four year program. In this year, SPEED made significant progress on 32 reforms ranging from macroeconomic policy to sectoral competitiveness in agriculture and tourism to trade policy. Achievements on these reforms are explained throughout the document;Annex 3 contains a summary of progress to date.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress. The report also outlines key management issues, summarizes capacity-building activities, and lists publications produced over the course of the year.

Business environment, trade and investment. The bulk of SPEED's efforts focus on working with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's *Doing Business* report. For example, SPEED has begun helping the GOM to implement both the Insolvency and Competition laws, both of these

were passed during the year and had received earlier SPEED support. Another example includes the concrete recommendations and reforms at the municipal level in Maputo that are estimated to save businesses more than 200days to obtain their construction permits by consolidating business registration forms that will reduce the number of procedures from nine to two.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the primary private sector interlocutor with Government on business environment issues. SPEED assigned a Senior Advisor to CTA, responsible for facilitating strategy-building, and implementing many joint projects. In addition, SPEED provided significant support to the Ministry of Trade and Industry (**MIC**) in developing the country's new business environment strategy, called EMAN2. EMAN2 was approved by the Council of Ministers in September 2013.

Agriculture. With three-quarters of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in important initiatives including the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the work on the impact of various taxes and non-fiscal barriers on the sector. The Mozambican Tax Authority has agreed to alter the VAT tax regime for agriculture on the basis of SPEED recommendations.

Tourism and biodiversity. SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. Examples of legal and regulatory work include an examination of competition in aviation (Open Skies Initiative) and a review of the standard-setting law for tourism facilities. In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

Democracy and Governance. SPEED's work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country's **resource boom**, including the newly proposed fiscal regime for extractives and local content regulations. This issue will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society that are committed to drive this new legislation forward.

Capacity building. SPEED supported more than 24 **capacity-building events** in support of its technical programs, with a total of around 1,900 participants, including approximately 270 women (see Annex 1). Interestingly, a third of these capacity-building events were conducted outside of Maputo, reflecting an increased interest on the part of key partners to spread the messages around policy reform more broadly throughout the country.

Management and administration. This year SPEED welcomed three new technical staff members: Maria Nita Dengo, Tomas Manhicane, and Horacio Morgado. A team strategy retreat helped to set priorities and establish the Communication for Policy Change (C4PC) initiative, which was also launched this year. The new SPEED website saw increased activity, including 27 blogs over the course of the year on timely topics related to SPEED-supported reforms. SPEED also finalized support for USAID's CDCS assessment for extractive industries and moved forward on several IPEME grant procurements.

BACKGROUND

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique's economic, legal, and governance systems. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED's website contains further information and reports published by the project.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remaining year of the project, SPEED will focus on communication campaigns and implementation support. The country is entering a new political cycle with local elections in November 2013 and national elections in November 2014. It is widely believed that political concerns will consume much if not most of the energy of key Ministers. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approvals.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

SPEED just completed its third year of operations out of a four year program. In this year, SPEED made significant progress on 32 reforms ranging from macroeconomic policy to sectoral competitiveness in agriculture and tourism to trade policy. Progress on these reforms is explained throughout the document and Annex 3 contains a summary.

SPEED is a four year $19.4 million project which started in August 2010. Funding obligations for the project totaled $11,004,856 as of September 2013, of which $3,458,000 and MT42,000,000 (approximately $1.4 million) was obligated in fiscal year 2013.

This Document

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the SPEED Indicators Tracking (SIT) Table make specific reference to the SIT stage of reform for ease of cross-referencing between this Annual Report and the SIT report (see Annex 3). Finally, the report also summarizes capacity-building activities (see Annex 1), outlines key management, finance, and administrative issues, and lists publications produced over the course of the year (see Annex 2).

TECHNICAL ACTIVITIES

Business Environment, Trade and Investment

The majority of SPEED's efforts focus on working with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to help spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's *Doing Business* report. For example, SPEED helped the GOM implement both the Insolvency and Competition laws, both of which were passed during the year. Another example includes the concrete recommendations and reforms made by SPEED at the municipal level in Maputo that will save businesses more than 200 days to obtain their construction permits; consolidating business registration forms could reduce the number of procedures from nine to two.

SPEED strengthens the key **institutions** required for a strong business environment. An example includes building the capacity of **CTA**, the Confederation of Business Associations, which is the primary private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects. In addition, SPEED provided significant support to the Ministry of Trade and Industry (**MIC**) in developing the country's new business environment strategy, called EMAN2. EMAN2 was approved by the Council of Ministers in September 2013.

Current year results based on previous work. A number of initiatives worked on by SPEED in in its first two years have borne fruit this year. Progress made on these initiatives include:

Anti-corruption legislation
In 2011, SPEED supported an analysis of the anti-corruption package under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Public. This law, which was passed in May 2012, contains conflict of interest and declaration of assets provisions that are important for fighting corruption. This year, major steps were taken to implement the law. Some Members of Parliament who were simultaneously presidents of boards of directors and officers of public companies or subsidiaries were forced to leave one of the places as a result of law enforcement. Officials from the Ministry of Civil Service (Ministério da Função Pública), were pioneers in the election of a Commission for Public Ethics also under the fulfillment of the Public Probity Law. Also during the year, the deputy Attorney General announced that managers of public institutions cannot hire the services of professional journalists and other media to engage public and private roles of assistants, aides or even press. The law also extends to managers of private companies providing public works contracts with the state. Donor efforts have now focused on building the government's capacity to implement the law. Currently, SPEED continues to support this work through the engagement of a short term consultant to help the Attorney General's Office develop their strategic and operational plan.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
15	Anti-corruption legislation	Policy	5. Implementation begun	Q1

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
51	Anti-corruption legislation	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3

Support to EITI-Mozambique
As part of a multi-donor effort to help Mozambique join the EITI, SPEED provided assistance to the Mozambique EITI Secretariat to produce 7,000 copies of a glossy booklet (in English and Portuguese) containing a summary of the report. The purpose of the booklet was to make the information from the 2nd Reconciliation Report more easily accessible to the public. Mozambique was declared "EITI compliant" by the EITI Board on 26 October 2012, which means that the country has an effective process for annual disclosure and reconciliation of all revenue from its extractive sector. During the year, Mozambique started following and implementing the determinations of being an EITI member.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
21	EIT Policy	Policy	4. Passed	Q1
			5. Implementation begun	Q2

Current year results based on previous work, cont'd.

Credit bureau decree
In August 2012, SPEED assisted CTA by providing expert opinion about the quality of a draft Private Credit Bureau Decree proposed by the Bank of Mozambique. Earlier in the year, the decree was submitted to the Council of Ministers, who are adjusting before forwarding to the Parliament, planned for November or December 2013. The submitted draft incorporated most of CTA's proposed recommendations, with the exception of two issues: 1) the question of quality and confidentiality of the new bureaus' call centers; and 2) clarification on whether foreign companies and/or foreigners can partially or wholly own private credit bureaus. These issues will be addressed appropriately in the regulations once the Decree itself is passed.

Concessions on protected lands
Last year, SPEED supported the development of manuals for gaining access to concessions on protected lands for tourism purposes. This year, the government created a new agency, ANAC (National Agency for Conservation Areas), which is expected to make use of these manuals.

Sovereign Wealth Fund research
In the context its work on the impact of the resource boom on the Mozambican economy, SPEED developed proposals for the GOM to consider establishing a sovereign wealth fund (SWF). A SWF would reduce the pressure on the metical to appreciate and help the government manage the anticipated large amounts of foreign currency revenues while building their capacity. Despite initial resistance to the idea, the Bank of Mozambique and Ministry of Finance have formed a task force and are seriously considering the use of this instrument. While no concrete policy decision has been made, the GOM's openness to debate this issue more transparently represents a real breakthrough.

Partnership for Trade Facilitation

Context. Following the recommendations from WTO, WCO and others, Mozambique has carried out a number of customs reforms for facilitating trade. Despite these efforts, reports such as the *Doing Business* report from World Bank still find procedural difficulties, time delays and high costs in the processes for importing and exporting goods to and from Mozambique. At the same time, Mozambique introduced the Single Electronic Window (SEW) system in April 2012, which is a positive development but has encountered some serious "teething" problems as implementation has not always been smooth.

USAID / SPEED engaged with the Mozambican Tax Authority (AT), CTA, and other organizations to find solutions to these problems. Specifically, under the Partnership for Trade Facilitation Program (PTF), SPEED provides capacity-building to AT in three areas: internet upgrade, transit module capacity-building, and pre-shipment inspection (this last activity has not yet begun).

This year. In response to vocal private sector concerns, SPEED conducted an assessment to review the experience with the SEW to identify ways to improve the system. The assessment was well received and approved by the AT. Among other things, the report raised concerns about the need to roll out SEW components that still have to be launched. The report also stressed the need for Customs and other Government agencies to set their systems to respond on a 24/7 basis and not only during regular government working hours. SPEED held workshops in Maputo and Beira that incorporated around 70 people to disseminate the findings of the review and obtain stakeholder feedback.

Consistent with recommendations from the SPEED study, the SEW's Customs Transit module was introduced in Mozambique in early 2013. With the new transit module also came changes in transit customs legislation and regulations. Problems arose from weak dissemination of the law, contradictory information and lack of knowledge of appropriate procedures and regulations under the SEW system. The new procedures were neither understood by the majority of operators nor by customs officials. SPEED is supporting AT to provide training across the country to disseminate the new legislation to customs officials, economic operators, clearing agents and all interested through workshops and local media. The aim is to cover all the main borders in the center and north of the country as well as the 3 international ports. The initiative also includes equipment supply to set up transit hubs in the country. Workshops were held in Beira and Machipanda with more than 95 stakeholders and a new Customs Transit decree was passed, partly in response to feedback from the workshops.

Regarding the Internet Upgrade, SPEED developed and conducted a survey on perceptions and opinions of stakeholders regarding the availability and quality of information on cross-border trade. The survey also examined the usability, reliability and efficiency of the relevant websites for trading across borders (to see the survey report click here). The report highlighted the need for improving the quality and accessibility of trade related information. Findings and recommendations from the survey were then used as basis for compiling an inventory of trade-related information and legislation to be made available on the portal.

Rather than create a duplicate website for AT, the main AT website will be revamped and the portal created within that same website. The firm Mz Business was selected and hired to redesign the AT website and create a portal on international trade. Website development began in June 2013. The layout has been submitted for approval by the coordinating council at AT. The process of procurement of equipment was started.

Regarding Pre-shipment Inspection, in November 2012, SPEED presented a shortlist of highly qualified international consultants to AT for review and selection. After several meetings and agreements, the AT has still not selected the consultant for the study. Staff reshuffling and the appointment of new Directors may have contributed to the delays. The scope of work for the activity and list of consultants was recently presented again to the new Customs Director for consideration.

Results. This far-reaching initiative has enjoyed a number of results. The most important is that the relationship and communication between USAID/SPEED has strengthened throughout the AT. The SEW study recommendations were accepted by the AT and incorporated into the roll-out of the transit module. The survey study was completed and its recommendations incorporated into the internet publication component. The layout for the portal on international trade has been produced and presented for consultation and approval awaiting approval by the AT Council. Implementation

had already begun on dissemination of customs transit regulation and the next phase of this work will continue through the next quarter.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
35	International trade website - Survey	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
36	Single Electronic Window procedures	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q3
			5. Implementation begun	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
45	International trade website	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
46	Capitalization of the transit trade module	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

Next steps. SPEED requested and was successfully granted extension of the PTF project beyond the original August 31 deadline. Going forward, not only will SPEED focus on ongoing initiatives but also try and look at new issues such as non-intrusive inspection of goods (scanners) and "dry port" Nacala. In addition to requiring more time to complete existing initiatives, a new approach is also needed to diversify partnerships to extend beyond AT. Institutions such as CTA, MCLI, the World Bank and the Ministry of Industry and Commerce are very interested in trade facilitation projects.

The Customs Transit workshops, are planned for 22 October to 9 November 2013. The first two workshops will take place in the DRS (*direccao regional sul*) and Ressano Garcia. On Internet upgrade, the overall plan of work going forward involves website development, training of AT officials for website management and sustainability, hardware equipment acquisition, hosting of the website and finally the launching and dissemination process for the website to be known and useful to all. The launch of the new AT website is ideally expected by the end of 2013. On Pre-shipment Inspection, SPEED still awaits a deliberation from AT to conduct the assessment.

Streamlining the construction license process in Maputo

Context. The process for issuing construction permits was identified by the private sector as an major obstacle impeding business in Mozambique. According to the Doing Business report published in 2013, it takes the average business person 377 days to obtain a construction permit. Currently, Mozambique ranks 126th in obtaining a construction permit among 183 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country's ranking to the 72nd position. SPEED began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October 2011. This earlier work identified a series of recommendations focused on both short and long-term reforms. The short-term reforms have already been implemented and the longer term recommendations are currently under implementation.

This year. SPEED provided an In-Kind Grant comprised of IT equipment to the Department of Urbanization and Construction (DUC) and hired two consultants to design a working business process management system; to create a database that supports a file tracking system; and to install computing equipment and connect the network system.SPEED also hired a statistics consultant to perform a time-and-motion impact analysis on the implementation process of short-term reforms through quantitative and comparative analysis before and after the implementation which was finalized and the report presented to the Municipality of Maputo and SPEED.

Results. According to the latest Doing Business estimates, SPEED's work contributed to a savings of approximately 247 days in the process for obtaining a license, resulting in substantial savings to the private sector, increased investment and employment. SPEED's estimates indicate that the private sector saved approximately $3.7 million and created nearly 2,600 jobs over the course of the year.

Description	Valor
	FY2013
Cost savings for the private sector ($)	-3,777,200.00
Private investment ($)	5,680,000.00
Taxes ($)	1,777,505.88
Jobs created	1,639 - 2,636

The computerization of the Department of Urbanization and Construction (DUC) was finalized and the working business process management system was tested and implemented. SPEED estimates that the new system will achieve further savings, reducing the number of visits that an applicant currently needs to make to the DUC and the internal transfers of physical files within the DUC.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
47	Construction licenses procedures - Phase II	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3

Next steps. SPEED's involvement in this project is mainly complete. However SPEED will continue work with the Municipality on monitoring the implementation of other recommended reforms.

Diagnosis of construction license process in Quelimane

Context. Following on SPEED's success with the Municipality of Maputo, the Municipality of Quelimane requested that SPEED conduct a preliminary assessment of its construction permits process. The Quelimane mayor wants to improve the delivery of this service to the local community and its entrepreneurial base. Last fiscal year, SPEED conducted a review of the Quelimane municipality's construction permit process.

This year. The preliminary report was translated into Portuguese to allow for more extensive review within the Quelimane municipality.

Results. The analysis is complete and submitted to the mayor for approval, but no actual reforms have been approved or implemented.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
28	Construction permits procedures in Quelimane	Admin Procedures	3. Presented for legislation	Q1

Next steps. The project is awaiting feedback from the Quelimane Mayor and will consider opportunities to implement the recommended reforms.

Making it easier to pay taxes

Context. Paying taxes was one of the indicators showing no progress in the *Doing Business 2013* report. In fact, the country experienced no progress over the previous three years. According to this report, on average, firms make 37 tax payments per year, spend 230 hours a year filing, preparing and paying taxes and pay a total tax rate as a percent of profit of 34.3%. While taxes are essential to fund public services and infrastructure (among other expenses), the difficulty and cost of paying taxes may drive substantial economic activity to the informal sector, thereby deriving no tax revenue for the government. This could be the case in Mozambique. At the same time, CTA identified simplifying and reducing the number of tax payments as one of its priorities in its Policy Matrices for 2012 and 2013.

In order to streamline the tax payment system in Mozambique, CTA asked SPEED to carry out a comprehensive study looking at: (i) the time and cost for companies to comply with tax obligations, (ii) tax payments that can be combined to reduce the number of payments over the course of a year, and (iii) possible impacts of such streamlining.

This year. The final draft of the report was validated in a public workshop, and a working group comprised of SPEED, TA and CTA staff prioritized the main recommendations. Prior to the public workshop, SPEED made three targeted presentations to gain buy-in among key stakeholders: one to development partners of Private Sector working group (PSWG) and two to the High Council of the Tax Authority. The report has been approved by AT.

The study recommends the acceleration of the pace of implementing reforms in the national tax system including: i) introducing e-taxation; ii) simplifying procedures; iii) decentralizing and segmenting of small and big taxpayers; iv) introducing information campaigns on the advantages and the existing modalities of tax payments; v) increasing the numbers of charging stations in areas of high taxpayers concentration ; vi) reviewing the requirements for reimbursement IVA and the option of transforming the amounts owed by the IVA in securities in the financial market; vii) reviewing taxes for firms-ISPC (today Mozambique charges 32% IRPC (corporate income tax), which is too high compared to other countries such as South Africa 30%, Mauritius 28% and Tunisia 15% respectively).

Related to this topic, SPEED posted a Blog on the paying taxes.

Results. The work was presented for public consultation, submitted for approval and approved by TA. The results of the comparative analysis show that countries more developed than Mozambique apply lower tax rates, have fewer taxes and procedures, and less onerous requirements for declaration and payment of taxes. These conditions contribute to improved competitiveness of enterprises, increased tax revenues and more robust economic development.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
37	Tax payment procedures	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q4

Next steps: In partnership with CTA, SPEED will support AT to incorporate the recommendations into their strategic plan matrix and in the annual plan for 2014, and consider offering training for AT officials and accountants.

Streamlining application forms for starting a business

Context. Of the various indicators used to classify a country in the Doing Business ranking, *Starting a Business* is one of the most relevant. The *Starting a Business* indicator examines procedures officially required, or commonly practiced, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete them and the paid-in minimum capital requirement. There are unnecessary procedures to commence work under the normal licensing of private sector companies in Mozambique. A simple integration of registration forms will reduce procedures from nine to three. The number of days for starting a business will likely reduce to seven from the current thirteen and costs will likely come down. This simple reform will promote the creation of more jobs in the private sector, generating more revenue for the government. It will also improve the country's position in the doing business ranking. This activity is also being undertaken in line with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs (Balcão de Atendimento Unico).*

This year. SPEED hired the law firm Sal & Caldeira (S&C) to streamline application forms for starting a business in Mozambique, coordinating with the various public institutions involved. Subsequently, a workshop was held to discuss the proposed application forms and flowchart as well as a probable pilot phase for the trial and introduction of the new forms. Some members of

the GIRBI (Inter-Ministerial group to improve the investment climate), CTA and other involved stakeholders attended the workshop.

After several adjustments to the forms a final version of the report and application forms was prepared. This version was submitted for legislation and approved by the Council of Ministers. The report is available on the SPEED website.

Results. A report and new application forms for starting a business were developed and presented for consultation. The legislative process was started internally at MIC, and the draft strategy was then presented for approval to the Council of Ministers and passed during the last quarter of the year.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
40	Streamlining application forms for starting a business	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3
			4. Passed	Q4

Next steps. The approved forms will now be piloted for 3 months in 6 provinces of the country. This pilot is expected to be followed by an online system of application. It is expected that the Ministry of Industry and Trade will request financing and technical support from SPEED for the pilots.

Business registration equipment

Context. The Mozambican government has recognized the need to: simplify procedures inherent to the constitution and registration of commercial companies; approve the creation of a single record in the country for legal entities; and establish a one-stop shop as an immediate solution to encourage and stimulate private sector development and attract investment. The act of registration is done by the Registrar of Legal Entities, an institution under the Ministry of Justice which has the overall aim of streamlining and simplifying administrative procedures. For this purpose, it was necessary to create a central system for data collecting and recording, an effort that is still ongoing. According to the Doing Business report 2013, it takes the average of 6 business days to obtain certification of unique name, request a commercial registry certificate and publish company statutes in the official gazette. There is perception that further reforms in business registration could improve the country's ranking on the next Doing Business report.

This year. SPEED provided an In-Kind Grant of IT equipment for the business registration agency to accelerate the registration process as part of the Government's strategy for improving the country's Doing Business ranking.

Results. Implementation has begun, but it is still too early to measure the results. It is expected that the new equipment will shave the time required to register a business down to a few days, or even a single day.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
44	Streamlining business registration	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q4

Next steps. SPEED will continue working with the Registrar of Legal Entities on the implementation of the central system for data collection and also help develop a mechanism to assess the impact of the reforms, as well as provide a baseline for measuring future impact.

Business environment strategy – EMAN II

Context. In 2008, the GoM approved the Business Enabling Environment Strategy (EMAN), which set forth its commitment to improving the overall enabling environment for private sector growth. Since then, Mozambique has made some improvements to the business environment resulting from legislative and administrative changes that streamlined processes. Nevertheless, the overall pace and depth of reform are still slow. Mozambique's business environment remains restrictive for private sector enterprises. The country remains one of the worst ranked countries in the SADC region (for instance, by Doing Business), notwithstanding the GoM's ambitious target of turning the country into the best ranked country in the region by 2015. A need arose to design a new strategy to systematically continue to improve the business environment in the country – EMAN II.

This year. During the first quarter of the year, the GoM requested SPEED to provide technical assistance to ensure that the new strategy follows international standards in terms of methodology, structure/form, content and effectiveness. SPEED financed and helped shape a retreat to refine the new EMAN II proposal. Public institutions, private sector representatives, donor agencies and consultants participated in the retreat. The resulting document contained fewer and more realistic objectives and activities within the existing lifetime of the strategy. If successful, this will prove more efficient and generate higher impact. A consultative process with a range of stakeholders followed.

The Council of Ministers approved the EMAN II document on 3 September 2013. A meeting was held between SPEED and MIC to discuss the work between the two institutions and define a joint agenda related to the implementation of the EMAN II. Out of the 12 high-level objectives, SPEED is either working on or considering work on seven. It is important to note that despite recent approval, some reforms represented in the strategy are already underway, including 'streamlining application forms for starting a business' and the 'insolvency law', among a few others.

Results. During the quarter, SPEED provided technical support to a new strategy/policy paper that was analyzed, produced and discussed via a consultative process with all interested actors. This policy document was approved by the highest executive body in the country, the Council of Ministers, which constitutes an important milestone; presumably this approval will give the EMAN II the "weight" it needs for proper implementation.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
42	Business environment improvement strategy 2013-2017 (EMAN II)	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q4

Next steps. The subsequent step will be the implementation of the strategy at multiple Ministry and Department levels. As mentioned, many activities under the strategy had already begun implementation at different levels, and SPEED is supporting much of this work. The matrix will be broken down into specific activities and indicators. A monitoring and reporting system shall be put in place to monitor implementation.

Evolution of the business environment

Context. At the XIII CASP (annual private sector conference with the President of the Republic), the Minister of Industry & Commerce indicated that the government has complied with 80% of its targets for business environment reform. His comments coincided with the conclusion of the first phase of the EMAN (national strategy to improve the business environment) and preparations to implement a second phase of business environment reform.

Despite the government's optimism about its policy reform activities, businesses' experience on the ground indicates that little has changed over the past several years. Companies are still severely affected by uncertainty in the business environment, unpredictable application of legislation, and other barriers to investment.

It is necessary to conduct a fact-based analysis that evaluates what has been done to improve the business environment since the CASP begun in 1996.

This year. SPEED conducted a desktop study to assess the evolution of the business environment in Mozambique. It looked at the various socio-political, economic and institutional aspects that conditioned the existing status quo. This required a comparison of the CASP matrices, EMAN I and its outcomes, the IAN (Investment Confidence Index) and Doing Business surveys.

By mapping progress in the dialogue mechanism provided by CASP against actions taken in EMAN and the resulting rise or fall of business confidence (IAN) and world rankings (Doing Business), the paper presents a detailed overview of the impact of reforms to date, and highlights what has still to be done. The study was undertaken by combined efforts of ACIS, CTA, and SPEED. Input from interviews of key stakeholders who have participated or witnessed the whole process of business environment evolution since the first CASP back in 1996 was integrated into this analysis.

Results. SPEED produced a draft of the document. There will be English and Portuguese versions of the draft document posted on the website. In addition, an earlier draft of the document helped inform the CTA President's remarks at a meeting between the private sector and the Prime Minister in September 2013.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
55	Business environment evolution	Admin Procedures	1. Analyzed	Q4

Next steps. Progress on this study will be reviewed between CTA, ACIS, and SPEED. The combined efforts of ACIS and CTA will be presented to the market over the next quarter. CTA and ACIS have asked SPEED for some support for dissemination efforts.

Insolvency law implementation support

Context . The bankruptcy process in Mozambique, based on the Code of Civil Procedure from 1967, is slow, costly and complex. Attempts have been made in the past to update legislation and streamline the process, but efforts had languished at the time of SPEED project startup. To reinvigorate reform efforts and get new legislation passed, SPEED, working with CTA and the law firm SAL & Caldeira, conducted a series of activities including review of draft legislation, meetings with government officials and legislators, and a public seminar on the proposed changes in legislation and their expected impact on the bankruptcy process. In 2011, SPEED reviewed the Insolvency Law that authorizes the Government to establish a legal framework for insolvency and business recovery. It was then submitted to Parliament for legislative approval.

This year. The draft law was before Parliament for several years. This year, the government finally received approval from Parliament to approve the law. On 19 February, the President of the Republic of Mozambique enacted the law. The law was then approved by the Council of Ministers on 4 June 2013. Also this year, SPEED was engaged by the Ministry of Justice to support the drafting of the SOW for implementation of the law and hold several meetings with the MoJ, MIC and CTA to discuss and plan the implementation work.

Results. Implementation has begun. The preliminary analysis of the project has been completed.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
6	Insolvency law	Policy	4. Passed	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
60	Insolvency law - Implementation	Admin Procedures	1. Analyzed	Q4

Next steps. Going forward, the first phase of the implementation project will be on dissemination of the law and training of a first group of judges, clerks and prosecutors. It will also include trainers from the Judicial Training Center (CFJJ) to build their capacity to develop their own curriculum to continue with the training process starting in 2014. SPEED will support the publication of 2,500 copies of the book on insolvency legislation. The creation and legalization of an association of insolvency administrators (as envisaged by the law) shall be done outside the scope of this activity.

Sal & Caldeira will prepare the proposal and material for dissemination of the law and training of judges. Due to the local election campaign, dissemination and training of judges is expected to take place between 20 November and 15 December 2013.

Competition law support

Context. Regulatory barriers, pervasive rent-seeking behavior, and other impediments to trade threaten the competitiveness of Mozambique's economy and private sector growth. As a response, the Council of Ministers passed the Competition Policy on 24 July 2007.

On April 11, 2013 the GOM published Law n. º 10/2013, approving the new legal framework for competition in Mozambique. The competition law entered into force on July 10, 2013 and the competition regulations and statutes of the new Authority should be approved by the Council of Ministers before the end of the year. The new Competition law creates a Competition Regulatory Authority of Mozambique, which shall operate as an independent administrative authority.

This year. Minister of Industry and Trade requested SPEED's support to develop the regulatory framework for the competition law. SPEED worked with the Ministry on finalizing the terms of reference. The bid was launched at the end of the fiscal year, and the consultant will be hired to draft five regulatory instruments to enable full implementation of the law.

Results. The law was passed this year, supported partially by SPEED's inputs.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
9	Competition law	Policy	4. Passed	Q2

Next steps. SPEED will help MIC develop the regulations and consider support for capacity-building and public dissemination of the regulations.

Quality of service for mobile operators

Context. Mozambique suffers from uneven and often poor quality service among mobile operators. The failure of voice calls and SMS inter-networking and intra-networks create inconvenience to business users and more acute difficulties in places with low population density. The National Telecommunication Institute of Mozambique (INCM) is responsible for regulating, supervising, and representing the communications sector. The INCM contacted SPEED to help them improve the business environment and encourage innovation (for instance, mobile money), as well as create jobs and incomes for business users.

This year. SPEED and INCM jointly contracted a study to validate and test existing quality of service standards and determine the best methodology to monitor adherence to those quality standards. The study was based on a review of decree n.6/2006, which deals with Quality of Services as it applies to the Telecom and Information and Communications. The consultant completed the study, which included a very practical "how to" manual to guide quality of service measurement and monitoring among operators and for the INCM directly.

Results. The manual was presented to INCM management and accepted as "the" procedure for measuring quality of service. This work is expected to greatly enhance the quality of service throughout the country, thus increasing user confidence in the cellular network and spurring access to key value added services like mobile money and mobile education/health.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
33	Mobile operators administrative procedures	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q1

Next Steps. No further work is envisioned.

PPP regulations consultation

Context. The government of Mozambique asked CTA for comments on the proposed Specific regulation of Public Private Partnerships that establishes guidelines and procedures applicable to hiring processes, implementation and monitoring of Public Private Partnerships and Small-Business Concessions. CTA in turn requested SPEED to provide legal advice and organize a seminar to obtain feedback from the business community.

This year. SPEED contracted Sal & Caldeira to review the regulation and organize a workshop to present the regulation and also listen to the entrepreneurs, especially the group that would be the main target of the proposed specific regulation to collect contributions, concerns and clarify the question.

Results. A final SPEED-financed document of comments and inputs was produced and sent to the GOM. The valuable contributions from the legal advisor and private sector that have enriched the regulation have been properly accommodated by the government and the proposed Specific Regulation of Public Private Partnerships was approved by the Council of Ministers.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
19	Public-private partnership regulations	Regulation	5. Implementation begun	Q1

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
52	Public private partnership regulations	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

Next steps. SPEED will not likely work further on this topic, but the new PPP regulations will continue to be implemented.

Foreign employment impact analysis

Context. This year the Ministry of Labor proposed revisions to the decrees regulating the hiring of foreigners, both in general (Decree 55/2008) and for the extractive industry sector (Decree 63/2011). These revisions would essentially apply the "out of quota" system for all foreigners coming to work in Mozambique and place a heavy burden on firms. In response to this proposal, ACIS asked SPEED to finance a review of the impact of foreign employment on the economy.

This year. A SPEED-financed consultant carried out a firm-level study via written questionnaires and detailed interviews. In-depth case studies of Mozambican workers with experience of working with foreigners were conducted, as well as interviews with the embassies of countries with investments in the country.

While there seems to be a popular perception that foreigners are taking jobs that could be done by Mozambicans, this study found that in general, foreigners hired through the quota system bring skills and experience that positively impacts on Mozambican workers. Further, often bringing in foreign expertise leads to firm expansion and job creation for nationals. It seems therefore that the more negative perception of foreigners 'stealing' jobs may be coming from experience of foreigners operating outside the quota system, effectively working illegally.

The study finds that the vast majority of respondents agree with the principle that the state should ensure that Mozambican jobs are protected. When certain skill sets are not found locally, firms recruiting foreigners should demonstrate a compelling case for a foreign worker and a policy for investing in training of nationals. The response to the proposed revisions to the existing labor law was overwhelmingly negative, even though nearly all participants in the study agreed that Mozambique needs to work through its illegal immigration problem.

The study recommends that before making any alterations that could have potentially negative effects on job creation and the business environment, there needs to be an informed debate about the government's objectives in respect of employment and how best to achieve these. It is also necessary to separate immigration issues from labor issues, and to assess whether it is the regulations themselves that need to change, or their implementation. .

Results. Analysis was completed, no concrete results yet.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
54	Foreign employment law analysis	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

Next steps. SPEED will work with ACIS and others to determine whether follow-up steps are required to further disseminate the study and spark additional debate.

Institutional support to CTA

Context. CTA is the primary private sector counterpart that advocates for policy change with Government. It has received institutional capacity building support from USAID over the past decade and is a key SPEED partner. To strengthen the quality of services provided to its membership, SPEED provides capacity support to CTA in the form of two staff members – the Executive Director and a Policy Analyst. This year our staffing support was reduced to a Senior Adviser, who helps CTA to be more effective in engaging the government in policy dialogue on behalf of the private sector.

This year. This year, with the support of the Policy Analysis Unit at CTA, SPEED supported the annual private sector conference (CASP) with the President of Mozambique, a strategic retreat with the Government Counterparts from GIRB, the bi-annual meeting with the Prime Minister (CAC), and reforms on the fiscal regime for the agriculture sector. In addition, SPEED worked

with CTA on a myriad of policy studies and dissemination activities as outlined throughout this report. Finally, this year SPEED supported a change management specialist to help CTA implement its strategic and operational plans more efficiently.

In March 2013, CTA organized the XIII Private Sector Conference chaired by President Guebuza to discuss the business environment in Mozambique and other issues of interest for private sector development. The two main themes were: natural resources boom and improving the business environment. Invited speakers from abroad included Trevor Manuel the former Minister of Finance of South Africa and Rodney Jagai from Trinidad & Tobago to talk about the natural resources boom and its implications. The conference highlighted the need to improve the business environment and incorporate SME's, specifically in the agriculture and tourism sectors, to increase job creation. On the natural resources boom the discussion focused on ensuring that Mozambicans feel the impact of the earnings coming from this sector. To undertake this task CTA has created a new Working Group (Pelouro) to deal specifically with this issue. This Working Group is now taking the lead on the discussions on the Specific Fiscal Regime for the Mining Sector and Specific Fiscal Regime for the OIL & Gas sectors. It is also advocating for a Local Content Framework and Policy.

In December 2012, CTA and the Government met on what is called CAC, which a bi-annual meeting with the Prime Minister and its Cabinet to discuss the evolution of the dialogue and the business environment. In this meeting, 21 problems were identified as priority for the private sector that should be resolved in one year time. In September 2013, the second CAC took place. CTA indicated that of the 21 problems identified, only 2 were resolved with one of them only resolved partially (the Open Skies issue). Also CTA showed that from the last 10 years we have on our dialogue matrix around 213 problems to be resolved but are still outstanding. This revelation came as a surprise to government officials and the Prime Minister took the issue to the Council of Ministers where the Ministers were ordered to resolve the pending issues until 15 of December 2013. After the September CAC at least twice the business environment was at the Council Ministers weekly meetings agenda.

On the issue of agriculture sector taxation, in previous years SPEED conducted two studies, one on VAT and the other on overall taxation including the withholding tax on peasants who are not tax registered. As a result, the VAT exemption problem was actively considered by the Tax Authority. In addition, the Tax Authority prepared a proposal for the Parliament to amend the VAT Code to go from VAT exemption to Zero tax. Negotiations on the withholding tax still an ongoing issue.

Results. 800 people attended the private sector conference from all over the country, and President Armando Emílio Guebuza attended throughout the entire day. The two meetings with the Prime Minister showed no progress on the dialogue and the Government now seems to be taking the issue seriously. Although not officially, the Private/Public Dialogue has now reached the Council of Ministers Level. A Zero Tax proposal for agricultural products presented by the Tax Authority to the Government will be submitted to the Parliament. New Working Committee (Pelouro) for the natural resources sector created at CTA. A study on Local Content and Business Linkages was conducted and validated via public seminars. On the organizational side, the change management consultancy resulted in an agreed implementation plan, which is underway with clear results.

Next steps. With SPEED support, CTA will set up a separate Team which will undertake the recommendations from the Local Content study, including the development of a policy framework that will help the SME's to benefit from the natural resources boom. CTA will maintain the pressure to the Government to accelerate the agreed reforms at both CAC's.

Support to Tiri Pamodzi

Context. Tiri Pamodzi is a new foundation targeting private sector development, women's empowerment in business, youth entrepreneurship and the impact of HIV/AIDS on business. SPEED's support to Tiri Pamodzi has two components. The first component entails technical assistance aimed at helping Tiri Pamodzi prepare its business plan and accompanying resource mobilization plan. The second component comprises a SPEED grant to acquire basic office equipment, thus enabling the foundation to implement its business plan and objectives, as well assist Tiri Pamodzi develop its training center.

This year. SPEED provided computers and other training materials for the training center which will help Tiri Pamodzi to implement its business plan.

Results. With an improved business plan, Tiri Pamodzi is designing projects that will allow them to mobilize resources which can make them self-sustainable. Their goal is to promote entrepreneurship, especially among women and youth and to create local opportunities for job and income growth.

Next steps. No new assistance to Tiri Pamodzi has been identified at this stage.

CACM Grant to introduce informal arbitration

Context. In recent years, the number of conflicts among companies has increased, as have the time and expense to resolve business disputes and enforcement of commercial contracts. These trends represent a major barrier to development, sustainability and competitiveness in business. The Center for Arbitration, Conciliation and Mediation (CACM) is a nonprofit institution under the aegis of the CTA, formed to encourage and provide access to alternative and appropriate mechanisms for resolving disputes. Dispute resolution systems provide a better solution to businesspeople since they are rapid, economical and fair. SPEED provided a grant to CACM to implement the following activities:

- Resolution of conflicts
- Prevention of conflicts
- Training of mediators and arbitrators
- Providing public information on alternative mechanisms for conflict resolution
- Expanding the culture of arbitration to other geographic areas and activities
- Connecting with other regional and international forums of mediation and arbitration.

This year. During this year CACM received eighteen requests for arbitration, sixteen trials held and fourteen arbitration meetings. CACM intensified prevention efforts and spread the culture of arbitration through talks with the business community, the Bar and universities.

Results. Across the country, alternative methods of conflict resolution in areas such as employment negotiations were made available for the first time.

Next steps. The CACM grant is ending and no additional funds will likely be provided for this activity. SPEED will continue helping CACM to find viable alternatives to make the organization financially sustainable.

Agriculture

With three-quarters of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture's **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop and implement the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in important initiatives including the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the work on the impact of various taxes and non-fiscal barriers on the sector. The Mozambican Tax Authority has agreed to alter the VAT tax regime for agriculture on the basis of SPEED recommendations.

Recommendations on taxes in agriculture

Context. Mozambique's agricultural sector incorporates three-quarters of the population, yet accounts for only about one-quarter of GDP. Yields are low and stagnated for over 30 years. Poverty reduction has also stagnated since 2002-03, despite overall economic growth averaging per year about 7 percent in the last 15 years. The country is determined to overcome this situation. To achieve this goal the Government has approved several incentives for the agriculture sector including livestock and forestry which include VAT exemption for the first transactions, 80% reduction on the Corporate Income Tax, 50% reduction on the excise tax paid on fuel, duties and VAT exemptions on the imports of equipment, and spare parts for this sector, VAT exemption on several inputs among other incentives. However, discussions with the private sector and other stakeholders have revealed a sense that these tax benefits do not protect domestic production and could even be hurting it.

Building on earlier work, SPEED worked with CTA to produce and publish a paper on the SPEED website that examined the impact of the VAT regime agriculture and made recommendations. Two of the most important recommendations from the study were:

- Develop and approve invoices/receipts that may be issued by purchasing companies on behalf of smallholder farmers (suppliers) who are not registered taxpayers;
- Eliminate the simplified VAT regime, replacing it with the current ISPC (Simplified Tax for Small Taxpayers).

These recommendations have been included in the policy commitments by the GOM under the New Alliance for Food Security and Nutrition.

This year. A workshop for public presentation and discussion of the study was held in the first quarter of the year. Following the workshop, SPEED held a series of meetings with the AT to define a road map for implementation of these two recommendations. During the first few meetings discussions revealed that the changes sought required alterations to the VAT code, corporate income tax law, and individual income tax law, which could constrain rapid implementation. SPEED is currently working with AT to determine whether parliamentary approval is required for some of the more administrative reforms.

The AT has still not implemented the reforms to date and advocates for registration of smallholders as the solution for this issue, despite their clear lack of capacity and the inclusion of these reforms in the New Alliance document. There is a perceived difference in positions within the AT regarding the implementation of these reforms.

Results. Reforms emerging from this work were incorporated into the GOM's policy commitments under the New Alliance for Food Security and Nutrition.

Next steps. SPEED is waiting on a course of action to be decided by the AT. The AT is going to analyze it further and return to SPEED with a decision over the next quarter.

Non-Fiscal Barriers to Agriculture

Context. During the course of SPEED's significant work on the impact of the tax regime on agriculture, a number of stakeholders reported many problems facing the agriculture sector beyond tax issues. To delve further into this issue, CTA requested SPEED to identify other challenges and develop recommendations to overcome them. This work began toward the beginning of the 2013 fiscal year.

This year. The final report was presented and debated in several public workshops in Maputo, Nampula, Manica and Zambezia, during which findings were validated. Participants included USAID-funded projects, the Ministry of Agriculture, and the FENAGRI-National federation of farmers. An important recommendation is for CTA to arrange a one-on-one meeting with the President of the Republic and government institutions to systematically discuss and address the problems facing agricultural development in Mozambique. It was also suggested by workshop participants that the Ministry of Agriculture should lead the reform process from the central to provincial and district levels because the non-fiscal barriers (NFB's) occur locally.

Workshop discussions covered several levels of NFBs, in particular: (i) the distortion in the application of customs procedures, (ii) the difficulty of accessing the diesel subsidy, (iii) the challenge of accessing financing, (iv) the technical impediments resulting from weak pest control management (e.g. linked to fruit-fly and aflatoxin), (v) the role of rail and port services, and (vi) the implications of dispersal fees and licenses (guias-de-marcha) on the movement of agricultural commodities or products through specific checkpoints (postos de controlo). Based on the study evidence, SPEED posted a blog on the topic of Mozambique needs a new paradigm on agricultural economy.

Results. The work was analyzed and presented for consultation, although no concrete reforms have yet resulted. Prioritization and implementation of a few targeted reforms will likely lead to lower costs and higher competitiveness for Mozambique's agriculture sector.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
43	Non-tax barriers to agriculture	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2

Next steps. SPEED is working with the CTA agriculture working group to define priorities to implement some of the recommendations with Ministry of Agriculture, Ministry of Transport and Communications, Ministry of Trade and Industry (GIRBI) and the Tax Authority. Possible activities include: 1) Research on the economic implications of the special terminal exports of Nacala (porto seco- dry dock); 2) Illegal taxes campaign upon verifying the legal basis for the various "taxas" charged by the district-level check points; 3) "Unfair" competition from the State upon verifying whether this is a real problem facing the private sector; and 4) Informal trading across borders in Mozambique, with a focus on *mukheristas* working across the Ressano Garcia border.

SPEED and CTA are currently working with a marketing and communication company (Golo) to design a communications campaign against illegal taxes in agriculture sector. They are also developing a joint SOW for Nacala special export terminal (TEEN) impact assessment. The objective is to produce the recommendations to reduce the costs and time incurred by using the TEEN.

Rural land legal framework capacity building

Context. The Land Law recognizes the right to land use, known by the Portuguese acronym, DUAT (Direito de Uso e Aproveitamento de Terras). DUATs can be held individually or collectively. Reports on land conflicts between local communities and large-scale investors have been on the rise. These conflicts are partly explained by the increasing pressure and high demand for land associated with limited administrative capacity to issue DUATs both at central and local levels. Furthermore, gaining access to land with emerging mineral, gas and coal industries is compounding the challenge, raising tensions amongst community, government and extractive industry. The challenges potentially increase opportunities for social instability, corruption and other non-appropriate practices in land administration and management. It is therefore critical to strengthen processes and procedures of obtaining land rights, respecting the legal procedures as well as understanding the macro, institutional and business environment framework underpinning the process of acquisition of rural land. This will help with conflict prevention and facilitate business in a community 'friendly' environment.

In 2012, ACIS requested SPEED's support to produce the third edition of "The Legal Framework for Recognizing and Acquiring Rights to Land in Mozambique in Rural Areas - a Guide to Legalization and Occupation ", known as the Land Manual. The Manual was prepared by Sal & Caldeira in collaboration with the National Directorate of Land and Forests (DNTF). The Manual aims to support the institutions responsible for the administration and management of land, investors, activists and other stakeholders dealing with the processes and procedures related to land access in rural Mozambique.

This year. This year, SPEED worked with key stakeholders to develop a project to further disseminate the Land Manual while also improved the capacity of local land administration and management services to accelerate acquisition of rural land and improve land tenure systems. The project was developed in collaboration with the main client, the Ministry of Agriculture/DNTF and

other key partners namely: ACIS and Sal & Caldeira. This project aims to provide training and dissemination of the Land Manual in provinces with high rates of land conflicts.

Results. In addition to more than 100 well trained practitioners in land administration and management, in the medium to long term, the project is expected to contribute to increased understanding and increased capacity of land management and allocation, increased transparency of land access procedures and reduced processing time and cost for obtaining rural land use rights (DUATs).

Ultimately, the project expects to contribute to improving processing of DUATs, reduce land conflicts, and help meet the GOM's commitment "to reform land use rights (DUAT) system and accelerate issuance of DUATs to allow smallholders (women and men) to secure tenure and to promote agribusiness investment," as per the pledge under the G8 Cooperation Framework to Support the New Alliance for Food Security & Nutrition in Mozambique.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
57	Land manual training and dissemination	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4

Next steps. Over the course of the next several months, SPEED expects to work with stakeholders to roll out implementation, disseminate land administration services and good practices and monitor project progress. A base line indicating current number of DUATs granted and the average time required to issue a DUAT in rural areas will be developed in collaboration with the DNTF to allow measuring the success of the project six months after its conclusion.

Development of agriculture investment plan

Context. In May 2011, the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA) as the key national CAADP implantation instrument in Mozambique. Subsequently, in December 2011 the government and the development partners, signed the CAADP Compact. To operationalize the above strategic planning instruments, in January 2012 the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and SPEED provided a senior economic advisor to coordinate the process.

This Year. The Investment Plan was approved in December 2012 and submitted for review to the NEPAD Secretariat. The CAADP Secretariat concluded the review early this year and a report with comments and recommendations was submitted to the Government of Mozambique to form a base for a final version of the Investment Plan. In April 2013, the Government of Mozambique publically launched the National Investment Plan at a business meeting held Maputo. The business meeting was chaired by the President and was attended by government ministers, heads of mission, international organizations, and representatives of the private sector and farmers associations.

The implementation of the Investment Plan requires that a monitoring and evaluation plan be developed, as well as an implementation coordinating structure. With the support of Michigan State University, SARKS and IFPRI, the MOA developed the terms of reference and held several meetings for discussion with the relevant stakeholders. The first formal meeting of the Agriculture Sector Development Committee set forth in the Investment Plan was scheduled for July 2013, but was postponed until a later date due to conflicting agenda of the Committee members.

Results. Under the investment plan, Mozambique expects to mobilize approximately $3 billion over the next five years. At the Business Meeting development partners reaffirmed their support to Mozambique's economic and social development, particularly to the agriculture sector and they pledged an initial amount of $ 800,000. With this amount the Investment Plan will starts its implementation immediately in 2013. For the first year of full implementation of the Investment Plan the government Budget for the agriculture sector is expected to increase by not less by 12% and that the total budget will represent 50% of the financial needs for PNISA in 2014.

Following the recommendations from the review, a technical working team was established and tasked with the development of a monitoring and evaluation plan for the period of implementation of the Investment Plan and the preparation of detailed Terms of Reference for the Agriculture Sector Coordinating Committee set forth in the Investment Plan as the governing structure.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
25	Agriculture Investment Plan	Policy	3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q3

Next Steps. The technical working group is also expected to develop the Terms of Reference for the coordination of implementation of the Investment Plan along the six agriculture development corridors. This will remain the focus over the next year.

As a member of the technical working group the Economic Advisor will continue supporting this important phase of the implementation of the Investment Plan, as well as to support the Director of Economics in setting up an internal coordinating structure of the Investment Plan within the Directorate of Economics. The Directorate of Economics is the central unit in the MOA to make sure that the Investment Plan remains the main reference document for budgeting activities in the agriculture sector and to coordinate agriculture related activities of government Ministries.

Grow Africa / New Alliance for Food Security in Africa

Context. In 2010 the African Union, NEPAD and the World Economic Forum launched the "New Vision for African Agriculture" focusing on agriculture transformation in developing countries. "Grow Africa" is the specific initiative aimed at boosting private investment to develop and transform African agriculture and fight against food insecurity and poverty on the continent. The group of the world's eight most industrialized countries (G8) also launched the New Alliance for Food Security and Nutrition in African May 2012.

Mozambique and seven other African countries are pilot countries to be supported under Grow Africa. Beneficiary countries prepared and presented concrete business and investment

opportunities that were showcased at the Grow Africa investment conference in Addis Ababa, Ethiopia in May 2012. Beneficiary countries are also required to set up a follow up mechanism with companies that have shown interest in investing in these countries.

With regard to the G8 New Alliance for Food Security and Nutrition, Mozambique and six other African countries are considered "vanguard countries" to benefit from this initiative.

This initiative requires countries to commit themselves to improving the business environment through implementation of an agreed set of policy reforms (including some SPEED-promoted reforms). The G8 countries undertake to provide financial support and to mobilize international private investment. The private sector is expected to make investment commitments in the agriculture sector in partner African countries. USAID and JICA are the coordinating partners for Mozambique in this process.

The framework cooperation agreement under the New Alliance was signed in New York in September 2012, and the senior advisor is focal point for Mozambique, together with the heads of CEPAGRI and Zambezi Valley Development Authority.

This year. The New Alliance Initiative was formally launched in Maputo, Mozambique in April 2013 at a two-day international conference chaired by the Minister of Agriculture and attended by international delegations from the G8 member countries, FAO, NEPAD, World Economic Forum, AGRA and national stakeholders representing public and private sectors and farmer organizations. The first day of the conference was dedicated to reporting on the matrix of policy commitments by the GOM and to understanding the mutual accountability process under the New Alliance for Food Security and Nutrition. The second day participants discussed the role of the private sector and the process of building partnerships between commercial farmers and smallholder farmers in Mozambique.

From May 8-9, 2013, in Cape Town, South Africa, a Mozambican Delegation participated in the Grow Africa business and investment stocktaking exercise of the results of this initiative in African countries was made. At this conference the first Grow Africa Annual Report containing country experience and results was launched. The Senior Advisor assisted the Ministry of Agriculture in preparing Mozambique's input for the report. In September 2013 the Senior Economic Advisor represented the MOA at the International Agricultural Transformation Workshop organized by the World Economic Forum to discuss future development partner support to agriculture, explore ways to boost private investment in the agriculture sector and to exchange best practices in sector specific economic reforms. The workshop discussed and recommended ways for better coordination of all platforms supporting agriculture, particularly the Grow Africa Initiative and the New Alliance.

Results. The main contribution of the Grow Africa and New Alliance initiatives in FY2013 has been the reaffirmation of the allied partners to continue working towards improving food security and nutrition in Mozambique. A matrix of policy commitments and schedule of implementation have been adopted by the GOM. To strengthen the capacity of CEPAGRI as the main delivery unit to implement the New Alliance process in Mozambique, SPEED provided a consultant for a period of six months (see below). In terms of foreign private investment Mozambique has not been able to attract many companies. However, two international investors have already established commercial presence in the country.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
41	Agriculture policy commitments under New Alliance	Policy	3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q2

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
53	Public private partnership regulations	Support of New Alliance Projects in Mozambique	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

Next Steps: New Alliance activities have shifted to support investment facilitation (see below).

Support to CEPAGRI on New Alliance Investments

Context. In early 2013, 17 companies signed agreements under the New Alliance for Food Security in Mozambique, committing to contribute to sustainable agricultural development through investments in numerous commodities and value chains. CEPAGRI, having limited capacity to dedicate the time required to help these investors, asked USAID/SPEED for a consultant to support investment facilitation.

This year. The investor facilitation activities expanded from assisting New Alliance companies, to helping all companies that are in need of investor assistance or basic agribusiness information. A CEPAGRI staff member has been assigned to work with the SPEED consultant, given the volume of work required to facilitate numerous companies simultaneously, leading to the creation of an investment facilitation team. To date, the facilitation team has supported 48 companies, both national and international, some of which CEPAGRI continues to provide assistance to after the initial inquiry.

Results. As investors were made aware of the assistance available at CEPAGRI, contacts to the institution have gradually increased and facilitation activities have become centralized. Some New Alliance companies are using the service, and have advanced significantly with registration and expansion activities within the country. There are has also been an expression of interest by another foreign company in signing a Letter of Intent under the New Alliance for Food Security.

Next steps. During the coming months, the implementation of the activities for facilitating investment will continue, to include work on restructuring the investment facilitation team. Additional activities include compiling all barriers identified and suggesting solutions; contacting all companies that connected with CEPAGRI since July to determine where they are in the implementation of the investment; coordinating updates to the CEPAGRI website; reviewing all databases and update if necessary; meeting with CEPAGRI Director to review activities of the period and elaborate a final report.

MOA Capacity-building (Senior Advisor)

Context. The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MoA. SPEED was asked to provide one of its professionals to MoA in 2011.

This year. The main contribution of the SPEED-sponsored senior economic advisor to the Minister of Agriculture has been the completion of the investment plan and its official launch, as well as the conclusion of the accession process of Mozambique to the New Alliance Initiative which culminated with the official launch last April. Both processes are critical for resource mobilization for public and private investment in agriculture in Mozambique. In addition, the contribution made by the economic advisor to the Grow Africa Program where Mozambique is regarded as one of the leading examples is yet another achievement.

The Economic Advisor was critical in the mobilization of the technical support to CEPAGRI with the secondment of an expert to assist investors under the New Alliance and Grow Africa Initiatives.He continued facilitate constructive dialogue between the MoA and the development partners and is a true advisor to the Minister in the field of diplomacy and economic cooperation.

The Economic Advisor has also been pivotal in the promotion of technical cooperation between the Ministry of Agriculture and research and educational institutions both national and international, including United States-based universities.

Next steps. As the implementation of the Investment plan has started, it will be crucial to maintain the level of commitment and engagement both of the Ministry of Agriculture and development partners as well as of the investors. This is critical to success of the implementation of the agriculture development strategy and investment plan.

He will continue providing support to the Minister and to the Ministry in the implementation of the dialogue mechanism with the development partners and all the national stakeholders.

Tourism and Biodiversity

SPEED's work in tourism and biodiversity focuses on helping Mozambique realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. Examples of legal and regulatory work include an examination of competition in aviation (Open Skies Initiative) and a review of the standard-setting law for tourism facilities. In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

Open Skies initiative

Context. There is a worldwide trend for countries to reduce government interference and regulation in commercial air services and open the sector to competition. Liberalization induces price reduction at the same time that security and safety is increased and frequency and quality enhanced– these are positive results that Mozambique wants to achieve. Mozambique is moving towards liberalizing this market, but progress has been slow. CTA wishes to better understand the impediments that may be causing slow liberalization. Although a few attempts exist to look into the impact of liberalization on the air-transport market and synergies for development of tourism and other sectors, these studies remain too "high-level" and difficult to implement. CTA seeks concrete, specific recommendations to accelerate liberalization, highlighting the potential impact for growth in other sectors, especially tourism.

This year. SPEED engaged a team in two phases to work on this issue. In the first phase, a small team of experts reviewed the regulatory environment, and in the second phase, a civil aviation economist visited Mozambique and produced a draft report. The draft report was shared with CTA and other stakeholders. The consultant incorporated some feedback from the tourism sector.

Results. A revised report was submitted by the consultant in October 2013 taking into account comments prepared by SPEED and stakeholders. The projected impact scenarios of the liberalization of civil aviation in Mozambique still may have to be revisited – SPEED is engaged in technical discussions with the consultant.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
38	Open skies	Policy	1. Analyzed	Q2

Next steps. The recently revised report will be further discussed between SPEED and the consultant to ensure consistency, clearness of the message and quality of the projected impacts. The report should be soon finalized and SPEED will share it with CTA and other key stakeholders. SPEED will also translate the final report into Portuguese to enhance dissemination, discussion and contribute to implementation. SPEED will prepare a follow-up visit to Mozambique by the consultant; this visit should occur before the end of 2013. The consultant will present and discuss the report with key stakeholders, validating and communicating findings and recommendations of the report.

A follow up to this work could include assistance to prepare or amend legislation towards a liberalized market as per the recommendations of the report – these next steps still have to be determined jointly with CTA and civil aviation authorities.

Arco Norte Tourism Development Corporation

Context. The proposed Arco Norte Tourism company supports the Government of Mozambique carry through a major paradigm shift in the implementation of its national tourism policy and development strategy. Specifically, it enables Government to: decentralize tourism development and management to destinations; harmonize conflicting tourism legislation and thereby assure a regulatory framework that promotes integrated planning and sustainable destination development; demonstrate partnership with and cede leadership of the tourism development process to the private sector; create land banks that assure ease of access to developable land for major tourism investments; attract major financing for tourism infrastructure and superstructure development; enhance the preservation of the Arco Norte's natural and historic heritage; create a visitor

economy and thereby assure jobs, incomes and rural transformation. Also and for the city of Pemba, which has come under enormous pressure from speculative developers, this activity indirectly supports the preparation of a Spatial Development Framework that will guide growth and economic development of the city.

At the very practical level, it solves a number of key challenges to effective tourism development and promotion. These include the fragmentation and lack of access to contiguous developable land for major tourism investments; inadequate tourism infrastructure and bulk services; uncontrolled development, which also increases pressure and destroys natural ecosystems and cultural assets; and conflicts in legislation and multi agency approval processes and authorities that end up stifling private sector and investments. For Pemba City and the Bay, which is under enormous pressure and threat from the sudden eruption of a world class hydrocarbon industry, it contributes to the establishment of a framework that can assure the effective management of the city.

This year. The project was suspended in September 2012, which limited activities to engaging with the Ministry and the Instituto Nacional do Turismo (INATUR) - the designated national authority for the Zonas de Interesse Turístico to champion and provide leadership, critical for the implementation of Projecto Arco Norte. In tandem, efforts continued to assure Government funding for the completion of the Pemba Development Masterplan as well as with the soft promotion of catalytic projects to major investors.

Results. These include: (i) a new and more effective leadership at INATUR and a new focus on implementation of Projecto Arco Norte; (ii) the signing of shareholders memorandum and approval of articles of incorporation between INATUR and the Municipality of Pemba for the incorporation of a limited liability company to manage and promote the Pemba ZIT; (iii) part financing, the launch of an international tender, selection and contracting of the original South African Consortium to complete the Pemba Masterplan; (iv) securing a major potential investor – Atterbury Property Holdings, who has committed to a $50m investment in the Wimbe Tourism Mall Project in which INATUR and the Municipal Council of Pemba are assure 5% free carry shares; and (v) arrival in Pemba and commencement of the final phase of the Pemba Masterplan that will assure the following deliverables:

- A Spatial Development Framework covering the entire Municipality of Pemba
- Infrastructure Masterplan covering the entire Municipality, including cost estimates
- Detailed Masterplans for 2 sites in the Municipality of Pemba i.e. Wimbe ZIT and the Pemba East Coast ZIT

Next steps. Key next steps include 1) the incorporation and capitalization of Sociedade de Desenvolvimento do Turismo (SDT), with INATUR and the Municipality of Pemba as initial promoters; 2) hiring international consultants to work on the harmonization of legislation and creating a legislative framework that clarifies processes, procedures for investing in the Pemba ZIT, fees payable to the SDT and revenue sharing framework and agreement with the Municipal Council of Pemba; 3) creation of an joint venture Company between the SDT and Atterbury Property Holdings and the transfer of a 14-hectare land demarcated to the Joint Venture Company for the purposes of undertaking the Wimbe Mall investment, which includes the conservation of major wetland that is currently being destroyed by uncontrolled developers; and 4) completion of the Pemba Masterplan and submission of the deliverables noted supra, by February, 2014.

Democracy and Governance

SPEED's work on democracy and governance aims to improve **transparency** around such issues as the impending resource boom, increase the voice of the private sector in policy, and improve corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country's **resource boom**, most recently regarding the newly proposed fiscal regime for extractives and local content regulations. This issue will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework that would formalize **public participation in the policy process**. There is now a solid consortium of actors from the private sector and civil society that are committed to drive this new legislation forward.

Impact of the resource boom on the economy

Context. Mozambique is rapidly transforming into a resource-rich economy. Coal is being exported from the Northern Province of Tete. Forecasts indicate that coal exports could well reach 150 million tons per year if basic transport and port infrastructure is put in place. In addition, Mozambique continues to see its natural gas potential expand every year as new reserves are found, evaluated and confirmed. During the decades of the 2020s and 2030s, Mozambique could well be among the top 10 world exporters of natural gas, mobilizing enormous flows of foreign exchange and budget revenues from the extractive sector.

This resource boom is a tremendous opportunity for the Mozambican economy. The question is whether this wealth can be converted into jobs, improved human capital, development of institutional capacities, development of basic infrastructure and utilities, and improved business environment. The critical development issue for Mozambique is to sustain accelerated growth while diversifying its economy to mitigate against the potential impact of a resource curse. Key risks include weak institutional capacities vital to properly expand the use of budget resources, accelerated corruption, gradual disappearance of tradable sectors as the currency appreciates, high inflation and, eventually, political turmoil. Over the past few years, SPEED has led research and thinking in the country about the resource curse and its drivers: absorption capacity, exchange rate, business environment and local content. It is critical to ensure that competitiveness and productivity increase significantly to improve individual incomes and record poverty reduction.

SPEED's analytical work aims to (i) identify the main challenges facing the Mozambican economy as it turns mineral-rich, (ii) share experiences of countries in similar circumstances, and (iii) produce policy recommendations that will set the path for inclusive economic growth and best use of resources. SPEED has set the ground of sovereign wealth funds as a critical management instrument, raised the issue of institutional capacity as a condition for transforming resources into wealth, emphasized the importance of channeling the government budget towards human capital, infrastructure and utilities development and strengthening of the rule of law, and reinforced the importance of this historic opportunity to enhance the business environment and create jobs.

This year. Earlier in the fiscal year, SPEED prepared a concept note (Extractive Industries in Mozambique) that discusses the challenges ahead and proposes areas where USAID/SPEED could assist through research and policy recommendations. In addition, SPEED prepared a note on absorption capacity, which expands on one of the key themes in the concept note. In addition 11 blogs were prepared and posted on SPEED's webpage.

Key areas of focus later in the year were on extractive industries tax laws, local content regulations, and competitiveness (see relevant sections below for discussion of these issues).

Results. The work on this topic has placed CTA and USAID/SPEED at the forefront of conversations about the likely impact of the resource boom on Mozambique's economy. Plus, the spin-off initiatives (extractives tax laws, local content regulations, and competitiveness) will likely result in concrete policy results and change.

Next steps. Follow up with specific initiatives and continue to "make noise" about this topic. Also, in CY 2014, SPEED plans to compile a book with all the different articles and analytical papers and blogs. The book can be used as a resource for universities and elsewhere on the topic.

Analysis of extractive industries tax laws

Context. This year the government introduced draft tax laws for both mining and petroleum / gas. As this is a highly specialized area of expertise, CTA asked SPEED's support to prepare comments on the laws. These laws could be among the most important to be passed in Mozambique for the next generation, and the Tax Authority (AT) has listened to many different perspectives.

This year. SPEED mobilized a top expert, Professor Richard Westin, to prepare detailed comments to both drafts as well as outline practices in similar countries. The main objective of these comparisons was to inform Mozambique's government and civil society about the most important vehicles used to maximize revenues from non-renewable sectors in a transparent and fair manner. The comments to both draft tax laws were submitted to the government by CTA using the reports prepared by Prof Westin for SPEED. Prof Westin visited Mozambique and held intensive discussions with the Tax Authority, the Ministry of Mineral Resources, the National Institute of Petroleum, the National Institute of Mining, and extractive industry companies. He also gave a public workshop with over 90 participants.

Prof Westin concluded that both tax laws have the following main issues:

(i)   unclear definitions which result in ambiguities about the definition of deductibles, non-deductibles, amortization, ring-fencing and profits;

(ii)   the current proposed tax regimes are cumbersome and will pose enormous administrative demands on systems and institutions, in particular on the Tax Authority, and simplifying could have a positive impact on revenue mobilization;

(iii)   the Production Tax for both mining and petroleum should either be abolished and replaced with a royalty or valued using the sales price to avoid problems of price identification; the production tax should also be deductible before calculating income tax to reduce the possibility of excessive government take;

(iv)   research and development costs of mining and petroleum should be a deductible even if outside of the respective area of the considered license;

(v)   the production share agreement (PSA) in the petroleum tax regime should be eliminated as it is difficult to compute, it would be better to either use a similar mechanism established in the mining tax law to capture excess profit or capture these excess profits through the company's income tax with progressive taxation depending on levels of profit or net-revenue accumulation;

(vi) the Tax Authority should stipulate in the tax laws that all revenues and expenses of each company should be validated and ensured that they followed procedures set in both tax laws by international auditing companies; and

(vii) the total government-take as per the current tax laws are extremely high (now computed in excess of 85-90% of accrued revenues for petroleum) which might reduce interest by the industry to invest in Mozambique, or that only enormous reserves and companies will be viable – the argument is that Mozambique should aim at levels of 78-79%, the level of government-take of Norway, considered the top and best practice in this world of petroleum and gas industry.

Results. The Tax Authority found Prof Westin's comments extremely helpful, and has agreed to incorporate several of these comments into the next draft. The AT is preparing new drafts and submitting them for Cabinet approval and subsequent Parliamentary approval. The Cabinet is expected to submit the draft tax laws to parliament by end of October 2013. These should pass as laws before the end of the year to begin implementation on 1 January 2014.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
50	Mining tax law and Petroleum tax law	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q4

Next steps. Now that the draft mining and petroleum tax laws will be soon submitted by the Cabinet for Parliament's approval, it is critical that the respective regulations are prepared, especially given all the problems that will likely persist in the final law. SPEED has recruited Prof Richard Westin to assist the Tax Authority and CTA in the preparation of these regulations. A problematic law places the burden on the regulations to clarify and resolve flaws in the law itself. Once the regulations are prepared and passed by the Cabinet, the next steps could entail capacity building and systems development at the Tax Authority to ensure it can duly take the enormous task of properly implement these two tax laws.

Local content regulations and business linkages

Context. Extractive industries are becoming increasingly important for the Mozambican economy as new natural resources are being discovered in the country. In addition to taxes and royalties, extractive industries can potentially stimulate development opportunities and unleash country's wealth and prosperity. Mozambique should aspire to an extractive industry that is well integrated into the economy through policies and incentives that foster country's development and competitive businesses.

The current trend offers opportunities for large investments in infrastructure and services supporting the extractive sector with potential to open up new markets for Mozambican businesses. The critical question is how Mozambican businesses can best participate in the new economy And how best to stimulate the development of the private sector to take maximum advantage of the resource boom. How can Mozambique best combine new opportunities from its extractive industry with initiatives that facilitate business growth and produce broad based national and community development?

In 2012 SPEED initiated work to inform stakeholders and particularly government about opportunities and risks associated with this new development. A review of experiences from a

range of countries, including Mozambique, on SME linkages to extractive industries indicated that policy choices supporting the business environment are critical to best leverage the extractive industry induced economic opportunity. In addition to business linkages, the issue of local content, understanding the implications of local content policy and strategy choices is of critical importance.

This year. SPEED supported an assessment of Policy Options to Strengthen Local Content in Mozambique. The review is intended to help the Government of Mozambique make the best-informed decisions for shaping country's local content policy. It is built off an understanding of Mozambique and international experience with local content laws, policies, regulations and practice as well as close consultation with the private sector and government in Mozambique. It has been a timely assessment, offering insights regarding the pros and cons of different local content policy and strategies.

Results. The review will be used as the platform for stakeholder discussions to build consensus and agree upon Mozambique's way forward on strengthening local content. It is intended to inform and influence Government's choices and decisions on local content policy process and strategies moving forward. It is expected to contribute to addressing identified market and institutional failures (such as: non-competitive markets, information asymmetry, absorptive capacity, inadequate local SME's capacity, etc) which block local content. Ideally, the work will stave off more restrictive and protectionist policies that would distort markets and undermine competitiveness.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
56	Local content assessment	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4

Next steps. Support Government and private sector initiatives towards strengthening local content in Mozambique through deliberate policy to continue supporting a business-friendly climate and development of local business capacity.

Competitiveness in the face of the resource boom

Context. SPEED's earlier analytical work highlighted the potential for Dutch Disease and other aspects of the resource curse as Mozambique begins to benefit from large inflows of investment and tax revenues. Of particular concern is the potential for tradable sectors, including agriculture, to buckle under the pressure of an appreciating metical. In response, CTA asked SPEED to undertake some preliminary work to define the issues related to competitiveness of Mozambique's non-extractive tradable sectors.

This year. SPEED contracted a senior consultant to visit Mozambique and prepare a report that proposes to identify the main competitiveness bottlenecks and produce policy recommendations in four focus areas: agriculture, tourism, manufacturing, and labor (costs, productivity, training and education).

Results. Further analytical work was identified through the report prepared by the consultant.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
59	Competitiveness mission	Policy	1. Analyzed	Q4

Next steps. The competitiveness analytical work, including its presentation and debate, should be completed in over the next several months. The main policy recommendations should be determined and validated through open workshops to enhance participation of stakeholders, increasing the possibility of implementation and success. SPEED will approach USAID for approval for the proposed studies and respective scopes of work, and recruit the consultants so the preparation of the studies can begin.

Formalizing public participation in the policy process

Context. Public participation in policy making is enshrined in the Constitution of Mozambique which requires submission to the public of draft regulations for collecting suggestions before approval. However, the current process for incorporating the public's view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. In collaboration with CTA, SPEED commissioned the law firm SAL & Caldeira to draft the Bill that will guide public participation in the legislative process in Mozambique. The draft Bill aims to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment (and the public at large). The draft Bill was completed in October 2012, and will be subject to a wide consultation process with the private sector and civil society.

This year. After completing the draft Bill at the beginning of the fiscal year, SPEED continued consultations with CTA and ACIS to further discuss implementation of this activity. Activities discussed include an awareness campaign, advocacy and dissemination of the draft Bill, with a view to its submission to competent authorities for approval. This proposal will be the first joint public and civil society draft Bill to be submitted for approval to parliament. It involves mobilizing CTA, Chamber of Commerce, ACIS, CIP, FAN and Sal & Caldeira among other NGOs to support the initiative and jointly roll it out. Stakeholders consider that either the Office of the Prime Minister or the Parliament could be the most appropriate institutions to receive the draft Bill and take it further through required steps for consideration and approval.

Results. Once approved, this legislation will greatly enhance the private sector's ability to influence public policy and transparency in public policy making.

Next steps. Broaden the process of consultation across private sector and civil society; submit the draft Bill to the Government or Parliament for consideration and approval, and wider dissemination of the Act (if the proposed Bill is approved). It is hoped to get this approved during the March 2014 session of Parliament.

Corporate Code of Ethics

Context: SPEED supported the IOD (Institute of Directors) of Mozambique, a non-profit focused on improving Mozambique's corporate governance, by financing the preparation and implementation of a Code of Corporate Governance in Mozambique. The code was passed at end of 2011 in a ceremony with the President of Mozambique. SPEED supported the drafting and

announcement of its Code of Ethics proposal through a grant. The South African Institute of Corporate Ethics (EthicsSA) was the institution supporting the drafting; they previously drafted South Africa Code of Ethics and are also assisting many African Countries to prepare corporate code of ethics. IOD held several workshops to obtain feedback from key stakeholders.

This year. The Code of Ethics was finalized and launched in December 2012 in an event with the President of Mozambique.

Results: A Code of Governance and a Code of Ethics were drafted and launched setting a unique framework for transparency and individual and corporate accountability in Mozambique. SPEED is extremely happy to assist Mozambique and the IOD to set such highly regarded and exemplary codes – this experience is still quite embryonic in most of Africa and Mozambique's experience is being followed by those in other countries.

Next steps: No new assistance to IOD has been identified at this stage.

Quelimane Municipal Audit

Context. The Mayor of Quelimane City requested SPEED's support to carry out an audit of the Municipal accounts. The overall objective is to obtain a professional opinion of an independent auditor on financial and operational reporting, evaluate the internal control system and understand the use of municipal resources, in accordance with the government's rules on public finance management. Last fiscal year, SPEED contracted KPMG to undertake the audit.

This year. In December 2012, KPMG finalized the audit and a report which states that they found it impossible to issue an opinion. The Management Letter stating a "no opinion" was submitted to the mayor.

Results. The completed audit underlines the message that the current mayor inherited a financial situation that is in complete shambles.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
39	Quelimane audit	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q1

Next steps. The Mayor of Quelimane City has committed to lead the implementation of recommendations on the Management Letter stating, as well as a strategy for communicating the results of the audit.

Support to publish book on Public Probity Law

Context. In 2011, SPEED supported an analysis of the anti-corruption package under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Publica (Public Probity Law). This law, which was passed in May 2012, contains conflict of interest and declaration of assets provisions that are important for fighting corruption. SPEED supported UTREL (Legal Reform Technical Unit - a public institution subordinated to the

Commission for Public Sector Reform and overseen by the Minister of Justice) to publish a book on the Public Probity Law - Annotated and Commented.

This year. The book on the Public Probity Law was produced and the dissemination across the country was concluded.

Results. 50,000 books were produced and disseminated across the country. The Public Probity Law is a very timely piece of legislation from which great things are expected insofar as it can contribute to increasing the credibility of Mozambican institutions and preserving the integrity of Mozambique's civil servants. Nevertheless, it is early yet to reach any solid conclusions on the impact the LPP will actually have.

Next steps. This activity is concluded.

Support to Attorney General's office

Context. Following the passage of the Public Probity Law in May 2012, donors shifted their efforts toward helping the government implement the law. The Attorney General's office requested the support of a short-term consultant to assist in identifying and/or updating the financial gaps in the Attorney General's office (PGR) and the Central Office for Combating Corruption (GCCC) strategic plans, map the pledged/committed external funding, and draft a consolidated operational plan.

This Year. SPEED funded a short-term consultant to help the Attorney General's Office develop its strategic and operational plan. The consultant completed a map of pledged/committed external funding, and drafted a consolidated operational plan. The consultant produced a results tree that will guide the implementation of the PGR and GCCC strategic plans, including new anti-corruption legislation.

The Consultant assisted the PGR to develop four proposals with detailed input based budgets and to demonstrate that the envisaged (USAID &b EU financed) activities would contribute to outputs and outcomes that were aligned with the PGR's Strategic Plan.

Results. The consultant has completed the requirements and the following deliverables were achieved:

- An updated and budgeted;
- Logical framework/operational plan (2012-2014) for USAID funds
- Logical framework /operational plan (2012-2015) for EU funds
- Proposal for an integrated (to the extent possible) financial management model/mechanism for the channeling of external funds

The work will eventually enable the disbursement of over $6 million in external funding; assisting the PGR in setting up the new bodies the legislation requires more effectively preventing and prosecuting corruption.

Next steps. USAID will need to pronounce its position and identify the instrument they wish to apply to finance the envisaged activities at the PGR and the GCCC and the EU will need to communicate with the PGR and the GCCC on what is the road map ahead for EU financing.

Capacity Building Activities

In addition to the core technical work described in the previous section, SPEED also supports capacity-building activities that enable key stakeholders to exchange knowledge and ideas. Capacity-building events completed over the year benefited a total of around 1,900 participants, including around 270 women (see Annex 1). This section briefly describes these some of these activities and is organized according to the type of stakeholder involved, e.g., private sector / civil society and government.

Private sector and civil society

Agricultural policy exchange and learning event. In May 2013, SPEED supported CTA Senior Policy Advisor to join this event to discuss systemic policy constraints that block the achievement of national agriculture and food security investment plans and identify specific steps that countries can take to overcome these constraints. The event brought together participants from CAADP countries such as Tanzania, Mozambique, Ethiopia, Rwanda, Ghana, and Senegal. The event sought to share country examples of systemic policy constraints; explore lessons, experiences, and evidence that countries can use to overcome these constraints; and initiate a country action planning process that would lead to a sustained, robust policy system in each country. The key result was a more coherent and informed team in Mozambique that deals now with the G8 New Alliance program and CAADP. The team includes donors, government and private sector. The next step will be to formally create a joint Working Committee to monitor the implementation of PEDSA/PNISA.

Gorongoza workshop. SPEED supported Mount Gorongosa Workshop as held in February 2013 and included 25 participants including all key stakeholders representing the Ministry of Tourism, Gorongosa Restoration Project (GRP), USAID and resource speakers who have been working to integrate conservation, communities and economic development activities around the world. The goal of the workshop was to explore interventions to address the loss and degradation of biodiversity on Mount Gorongosa, and specifically how to address livelihoods issues for those living above 700 meters. The workshop formed the basis for the GRP's strategic plan.

Extractive industries contract negotiation. SPEED supported a public workshop given by Professor Jenik Radon from Columbia and Stanford Universities. The event was organized by the Observatório Moçambicano da Governação. Radon led a presentation and an open discussion of 'How to Negotiate Petroleum Products Contracts'. The lecture was well attended by different stakeholders from government, extractive industry, jurists, researchers, students, and civil society. The lecture highlighted the legal issues the government of Mozambique should emphasize in their negotiations with extractive industries companies. He indicated that the government has a lot more bargaining power than typically assumed when negotiating contracts. He highlighted the need for definition and clarity in the use of all terms in contracts to avoid ambiguity, confusion and future costly mistakes. Professor Radon offered several 'Dos and Don'ts' to consider when drafting and negotiating contracts in extractive industry.

Government

EMAN II retreat. SPEED organized a retreat in Bilene between 28 and 30 April 2013 to work on the template for the drafting the EMAN II (Business Environment Improvement Strategy – phase II) proposal; define activities, indicators, responsibilities and the monitoring of such activities. Public institutions, private sector representatives, donor agencies and consultants participated in the retreat. The retreat resulted in a set of vectors and a new strategy matrix for EMAN II. It resulted in fewer and more realistically attainable objectives and activities within the existing lifetime of the strategy. If successfully implemented, this strategy will prove more efficient and generate higher impact.

MIC Coordination Council. The XI Coordinating Council (CC) of the Ministry of Industry and Trade (MIC) was held from 24th to 26th May 2013, in Pemba, Cabo Delgado Province, under the motto "Achievements and Challenges of the Industry and Trade." The Coordinating Council was headed by His Excellency Armando Inroga, Minister of Industry and Trade, and counted with the participation of senior staff from the Ministry and other senior MIC staff at central and provincial levels. Also a number of members of the Coordinating Council participated as invited representatives of the public sector: the Presidency, the Ministries of Mineral Resources, Energy, Fisheries and Agriculture, as well as the private sector, namely, CTA - Confederation of Economic Associations and development partners, i.e. USAID. The main challenges identified include: the implementation of the Competition Law, local financing for SMEs, to formalize informal trade; implement and consolidate the SADC Free Trade Area; Reduce tariffs, review of the rules of origin for international trade and remove non-tariff barriers; and the implementation of the Mozambican Commodity Exchange/Market (Bolsa de Mercadorias de Mocambique) among others.

Support to MIC participation in SADC / European Union meetings. SADC and the European Union have entered into a number of agreements around trade, investment, taxes, certificates, access to EU markets, etc. SPEED supported the participation of senior MIC staff at three meetings to follow up on these agreements. The meetings were held in Johannesburg in December 2012, Gaberone in February 2013, and again in Johannesburg in March 2013. The three meetings resulted in a clear work plan with actions around rules of origin, exclusion lists (both within SADC and between SADC countries and the European Union, fishing and maritime products rules, and trade capacity building.

Support to MIC participation in India|Africa Partnership meeting. Mozambique has several trade agreements with India. This year (in March 2013) a delegation composed by seven Ministers, businessmen and Government officials participated in a conference on "Reviving Economic Growth: Reforms and Governance", in the context of strengthening cooperative relations at governmental and corporate levels and dissemination of business opportunities and existing investments in African countries and India. The team established public and private partnerships across several sectors such as agriculture, education, health, skill building and infrastructure. The trip kicked off a process of enabling business linkages between India and Mozambique. This work involved establishing a joint chamber of commerce by preparing and consolidating by laws, agreements, membership lists, activity programs and financial statements.

Global Forum for Food and Agriculture / AGCO Summit on Africa Agriculture. The German Government organizes and host an Annual Forum Global Summit on Agriculture, Food Security and Nutrition. Mozambique has participated in the two last editions in 2012 and 2013.

Through the senior economic advisor, SPEED assisted the Ministry of Agriculture in the preparation of the Mozambican ministerial delegation to the Global Forum for Food and Agriculture and the 5th Berlin Agriculture Ministers' Summit and in the Second AGCO Annual Africa Agriculture Summit. The main outcome of these events was the Berlin Declaration on several issues pertaining agriculture and food security focusing on the need to facilitate foreign private investment, the enforcement of the implementation of the Guidelines on Responsible Investment in Agriculture and Food Production. Mozambique and Germany agreed to hold a business round table in 2014 to promote investment opportunities in agriculture sector in Mozambique. Consultations in preparation of this event s are underway. It is expected that this event will contribute to the unlocking of Germany private investment in agriculture in Mozambique.

Management and Administration

Staff movements

During the fiscal year, SPEED welcomed three new technical staff: Tomas Manhicane as Project Manager, Maria Nita Dengo as Senior Project Manager and Horacio Morgado as M&E and Project Officer.

SPEED strategy retreat

Context. Given Mozambique's fast-moving environment, it is critical for SPEED to check in periodically with USAID colleagues and other key stakeholders. To this end SPEED held a one-day retreat in November 2012.

This quarter. The one-day retreat had three key objectives: 1) continue to build the SPEED team both core and extended; 2) set goals for 2013 and immediate priorities for the next six months; 3) assess the impact of SPEED's activities in 2012; and 4) begin to flesh out the details of SPEED's communications for policy change (C4PC) strategy. Objectives 1) – 3) were addressed by the SPEED core team (SPEED and USAID colleagues), where the communications workshop incorporated the inputs of the broader community of SPEED stakeholders (MIC, IPEME, Agrifuturo, ACIS, World Bank, FAN, MITUR).

Results. The retreat pointed toward some key priorities for the first six months of CY 2013, as per the table below. In addition, the retreat enabled SPEED to make significant progress advancing the thinking on key messages, audiences, and communications channels and help jumpstart the C2PC initiative.

Impact Area	Priority Activities for the next 6 months
Business Environment	Support implementation and track Doing business quick wins: insolvency law, construction licenses/permits, private credit bureau, combo of proceedings to start a business, trade facilitation, streamlining tax payments, mobile service operators
Tourism	Open Skies: deliver argument to MITUR and have the regulation drafted
Agriculture	Taxation in Agriculture (Combine VAT Simplified + ISPC, introduce receipts

Next steps. Over the next year, SPEED will continue its dialogue with key partners to ensure efforts are focused on the highest priority issues.

IPEME local currency funds

Context. Mozambique's SME promotion institute, IPEME, received $1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funds were disbursed to support a multi-year program of IPEME activities with SMEs. However IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on their behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities, and has completed a parallel contract to manage these funds.

This year. SPEED worked with IPEME staff on the procurement process for several activities and also supported IPEME on the procurement for a paper trade fair. The International Exhibition of Packaging and Printing held in June 2013 aimed to support the emergence of techniques and tools that meet the needs of small and medium enterprises to make their products more competitive.

Results. The SME portal was concluded and launched. The draft reports of marketing plan and feasibility of CTCs for Chokwe and Boane were presented to IPEME for comments.

Next steps. SPEED will continue work with IPEME to implement the current workplan assuring the timely and quality deliverables. In coordination with the EC and UNIDO, SPEED will streamline the quality control to ensure that the supported procurement projects have better impact and also help IPEME to prioritize their various planned projects and determine which support instruments are best for implementing the top priorities.

USAID CDCS support

Context. The USAID Mission in Maputo is developing its five-year country strategy. The strategy process is comprehensive, covering several sectors. The Mission asked SPEED to prepare and execute scopes of work for assessments in two areas: land and extractive industries. SPEED's role was relatively minimal on the land assessment, limited to contracting key local consultants. On the extractive industries assessment, which cuts across several sectors (ATB, health, education, governance, etc.), SPEED played a more active role in managing a larger team and re-editing the main report produced. SPEED also supported a consultant who oversaw the Mission's CDCS work.

This year. SPEED-financed teams completed the two specific pieces of work and the consultant continues to lead the Mission's analysis and consolidation of the overall CDCS work. The extractive industries piece is posted on SPEED's website.

Results. USAID has incorporated this work into their thinking about strategy.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
48	Extractives Strategy for USAID	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3

Next steps. SPEED should explore the preparation of small notes to better disseminate the report and eventually also promote workshops on specific parts of the report.

Communication for Policy Change (C4PC)

Context. The success or failure of policy reforms often hinge on two crucial factors: communication and people's involvement. SPEED has supported private and public institutions to develop and carry out policy reforms to improve the business environment, trade and investment. Historically, scores of recommendations have been made, but relatively few implemented. Adoption and implementation of economic policy reforms have been too slow. SPEED realizes the lack of a comprehensive and cohesive communication approach to support policy reform adoption and implementation. Communication messages have been largely ad-hoc. SPEED believes that a structured and focused communication strategy would contribute to improve awareness and adoption of needed economic policy reforms and would also support sustainable and successful implementation of different recommendations to address key impediments facing the business environment. Thus the Communication for Policy Change (C4PC) initiative is being developed to support making reforms happen.

This year. SPEED, supported by a Communication Specialist, developed the strategy for C4PC published on our website (C4PC report). The strategy outlines a framework that will influence decision makers to take actions towards quicker policy reform implementation. C4PC should guide overall stakeholder engagement to advocate and motivate implementation of on-going reforms aimed at improving the business environment. It focuses on SPEED's supported areas of intervention, namely: business environment, resource boom and agriculture.

Results. None yet beyond analysis. However, a pilot initiative, Communication Campaign Against Non – Fiscal Barriers (Illegal Taxes/Fees/Permits) to Agriculture, is being prepared and expected to roll out early 2014. Key results will be increased awareness among key decision-makers and demand for policy reform among influencers and the general public. It is further expected that this initiative will accelerate implementation of a number of policy reforms, particularly those related to improving the business environment and agricultural competitiveness.

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
49	Communication for Policy Change	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4

Next steps. Design and implement a multi-pronged communication campaign around a few key messages related to the resource boom, agriculture competitiveness, and business environment. A range of communication tools will be used, including targeted events (e.g., breakfast meetings), group debates, print media exposure, expert panels on TV and radio, fact sheets, posters, billboards, social media, and competitions.

Website upgrade

Context: SPEED's previous website was originally designed several years ago. It has served the program well but needed a redesign. The overall objective of the new website is to restructure a wealth of information in a way that helps quickly guide visitors to the content they seek. The site

also has a new blogging feature that SPEED has utilized as an important tool for disseminating information about its work. Last fiscal year, SPEED developed a new user-friendly website.

This year: The site has launched (soft) in late October 2012. In addition to numerous reports and articles, SPEED published nearly 30 blog articles on the site. The website has constituted SPEED's main research dissemination tool, facilitating access to SPEED's work and widening its communication reach. Efforts are being made to continuously improve the quality of the site and timely uploads have been achieved. SPEED requires professional services in this area to upgrade website standards and monitor its effectiveness to improve dissemination and communication reach of a wealth of information being developed by the project.

Next steps: SPEED will look into contracting specialized services and/or an intern to determine whether there's a need to improve the functioning of the website in terms of interactive usage and dissemination.

ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Client Instituition	Category	Participants M	F	Subtotal
FY 2013 Q1	24-Oct-12	SME linkages to extractive industries though local procurement	Beira	CTA	PS, CSO	48	8	56
	25-Oct-12	SME linkages to extractive industries though local procurement	Maputo	CTA	PS, CSO	54	17	71
	19-Nov-12	Land Tenure, Property Rights, and Conflict Assessment	Maputo	Centro Terra Viva	PS, CSO	11	8	19
	28-Nov-12	Tributacao no Sector Agricola	Maputo	CTA/ TA	PS, CSO	53	12	65
	12-Dec-12	SPEED Retreat	Catembe	SPEED	PS, CSO	23	6	29
		Subtotal				189	51	240
		Subtotal (cumulative)				189	51	240
FY 2013 Q2	19-Feb-13	Gorongosa Mountain workshop	Indy Village	AgriFuturo	Donor	17	23	40
	8-Mar-13	CASP	Centro J Chissano	CTA	PS, CSO	802	39	841
	15-Mar-13	Streamlining Apprication Forms	Hotel Avenida	Sal & Caldeira, MIC	PS, CSO	22	11	33
	21-Mar-13	Contract Negociation Workshop	Hotel Avenida	Observatorio Mocambicano de Governacao	PS, CSO	71	14	85
	26-Mar-13	Electronic Single Window	Indy Village	ACIS	PS, CSO	39	10	49
	27-Mar-13	Electronic Single Window	Hotel Rainbow	ACIS	PS, CSO	25	4	29
	27-Mar-13	Non Fiscal Barriers	Hotel Rainbow	CTA	PS, CSO	31	8	39
		Subtotal				1,007	109	1,116
		Subtotal (cumulative)				1,196	160	1,356
FY 2013 Q3	28-May-13	Non Fiscal Barriers	Hotel Flamingo - Quelimane	CTA	PS, CSO	19	3	22
	28-May-13	EMAN II	Humula - Bilene	CTA, MIC	PS, CSO	21	10	31
	30-May-13	Non Fiscal Barriers	Hotel Milenio - Nampula	CTA	PS, CSO	41	8	49
	28-Jun-13	PTF- Transit within Janela Unica	Hotel Rainbow - Beira	Tax Authority	PS, CSO	48	7	55

		Subtotal				129	28	157
		Subtotal (cumulative)				1,325	188	1,513
FY 2013 Q4	1-Jul-13	PTF- Transit within Janela Unica	Machipanda	Tax Authority	PS, CSO	41	3	44
	3-Jul-13	Non Fiscal Barriers in Agriculture	Hotel Avenida	CTA	PS, CSO	28	10	38
	23-Jul-13	Local Content	CTA office	CTA	PS, CSO	19	2	21
	10-Sep-13	Coments on Mining and Oil Tax Law	SPEED Office	CTA	PS, CSO	8	4	12
	11-Sep-13	Coments on Mining and Oil Tax Law	Tax Authority	CTA	PS, CSO	13	3	16
	11-Sep-13	Coments on Mining and Oil Tax Law	Radisson Hotel	CTA	PS, CSO	76	18	94
	12-Sep-13	Paying Taxes	Indy Village	CTA	PS, CSO	47	23	70
	16-Oct-13	Local Content	Hotel Avenida	CTA	PS, CSO	75	20	95
		Subtotal				307	83	390
		Subtotal (cumulative)				1,632	271	1,903

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN FY2013

SPEED Publications: Studies and Reports			
Date of Publication	**Title**	**Author(s)**	**Portuguese/English**
30-Oct-12	Nacala Exportations Special Terminal	Rosario Marapusse	Portuguese
15-Nov-12	The Quality of the Mobile services (voice and sms) in Mozambique	Gomes Zita	Portuguese/ English
22-Nov-12	Mozambique Business linkages	Peter Mwanza	Portuguese/English
28-Jan-13	Survey on Trade Needs Information	Eugénio Chimbutane	Portuguese
1-Apr-13	Single Window Assessment	William Claypole	English
15-Apr-13	Pagamento de Impostos em Moçambique	Natércia V. Remane	Portuguese
29-May-13	Elaboração de Formulários Únicos para Registo de Sociedades e Início de Actividades	Sal & Caldeira	Portuguese
21-Jun-13	Comments Mozambique Draft Mining Tax Law Appendix A	Prof Richard Westin	English
21-Jun-13	Comments Mozambique Draft Mining Tax Law Appendix B	Prof Richard Westin	English
21-Jun-13	Comentários Tributação Actividades Mineiras Documento Principal	Prof Richard Westin	Portuguese
21-Jun-13	Comentários Regime Específico Tributação Operações Petrolíferas Sumário Executivo	Prof Richard Westin	Portuguese
21-Jun-13	Comments-Mozambique Draft Oil and Gas Tax Law Executive Summary	Prof Richard Westin	English
21-Jun-13	Comments Mozambique Draft Oil and Gas Tax Law	Prof Richard Westin	English
21-Jun-13	Tributação de Actividades Mineiras Sumário Executivo	Prof Richard Westin	Portuguese
21-Jun-13	Comments Mozambique Draft Mining Tax Law Executive Summary	Prof Richard Westin	English
21-Jun-13	Comments Mozambique Draft Mining Tax Law	Prof Richard Westin	English

Reports			
21-Jun-13	Barreiras Não Fiscais ao Desenvolvimento do Sector da Agricultura em Moçambique	Hipólito Hamela & Tomas Manhicane Jr	Portuguese
24-Jun-13	Communication Strategy for Policy Change (C4PC)	Irene Visser & Maria Nita Dengo	English
2-Aug-13	Open Skies — Air Travel Liberalization in Mozambique	Rafael Enriquez	English
5-Aug-13	How USAID can Assist Mozambique to Cope with the Impending Resource Boom?	Peter E. Coughlin and All[1]	English
10-Aug-13	The Impact of Foreign Employment in Mozambique	Caroline Ennis	English
6-Sep-13	Paying Taxes in Mozambique	Natércia V. Remane	Portuguese

SPEED Publications: Presentations			
Date of Publication	**Title**	**Author(s)**	**Portuguese/English**
23-Oct-12	Business Environment Mozambique	Rosario Marapusse	English
8-Nov-13	When linkages work	Leida Shuman & John James	English
22-Feb-13	Single Window Assessment	William Claypole & Maria Nita Dengo	Portuguese/English
21-Jun-13	Barreiras Não Fiscais ao Desenvolvimento do Sector da Agricultura em Moçambique	Hipólito Hamela & Tomas Manhicane Jr	English
21-Jun-13	Barreiras Não Fiscais ao Desenvolvimento do Sector da Agricultura em Moçambique	Hipólito Hamela & Tomas Manhicane Jr	Portuguese
24-Jun-13	Communication Strategy for Policy Change (C4PC)	Irene Visser and Maria Nita Dengo	English
16-Aug-13	Impact of Mozambique's Resource Revenue Boom on the Competitiveness of Business Sectors	Martin Webber J.E. Austin Associates, Inc.	English
16-Aug-13	Impact of Mozambique's Resource Revenue Boom on the Competitiveness of Business Sectors	Martin Webber J.E. Austin Associates, Inc.	Portuguese
6-Sep-13	Paying Taxes in Mozambique	Natércia V. Remane	Portuguese

Date of Publication	Title	Author(s)	Portuguese/English
Notes			
16-Dec-12	Extractive Industries in Mozambique	Antonio Franco	English
8-Nov-12	Impact Assessment of construction permit reforms	Rosario Marapusse	Portuguese
1-Dec-12	CTA Review of Credit Bureau Regulations	Cornelio Pimentel	English
6-Dec-12	Absorption_Capacity	Antonio Franco	English
22-Feb-13	Single Window Assessment	Antonio Franco	Portuguese and English
29-May-13	Doing Business: Mozambique Quick-Wins	Horácio Morgado	Portuguese

Blogs			
Date of Publication	Title	Author(s)	Portuguese/English
23-Oct-12	Natural Resources How to transform it in Wealth	Antonio Franco	English
25-Oct-12	Doing Business Comments 2013	Rosario Marapusse	Portuguese
6-Dec-12	Taxation in Agriculture an incentive to Increase the family wealth	Horacio Morgado	Portuguese
22-Feb-13	When linkages work	Leida Schuman	English
22-Feb-13	Tributação a Agricultura um Incentivo para o Aumento da Riqueza Familiar	Horacio Morgado	Portuguese
27-Feb-13	Doing Business 2013 – "Camarão que dorme, a onda leva.."!	Rosario Marapusse	Portuguese
1-Mar-13	Será que a Lei da Insolvência vai Acelerar o Desenvolvimento Empresarial?	Horacio Morgado	Portuguese
2-Mar-13	Desvios de Fundos do Orçamento de Estado!	Antonio Franco	Portuguese
12-Mar-13	Can Access to Trade Information Facilitate International Trade?	Horacio Morgado	Portuguese
14-Mar-13	Vamos Renegociar Contractos Agora ?	Antonio Franco	Portuguese
15-Mar-13	Janela Única Eletrónica um Desafio de Louvar	Antonio Franco	Portuguese
19-Mar-13	13ª CASP Uma Oportunidade Perdida ou a Mesa Com o Presidente pela 13ª Vez?	Tomas Manhicane	Portuguese
22-Mar-13	"Gas in the ground ≠ Money in the Bank"	Brigit Helms	English
4-Apr-13	Janela Única – O que dizem os clientes?	Maria Nita Dengo	Portuguese

4-Apr-13	Estávamos nós, os economistas, a ficar sem soluções para crises bancárias?	António Franco	Portuguese
4-Apr-13	A busca dos campeões de reformas do ambiente de negócio	Benjamim Nandja	Portuguese
11-Apr-13	Seremos Noruega ou Nigéria? Pergunta um Artigo Publicado pela BBC	António Franco	Portuguese
11-Apr-13	Indústria Extractiva: Podemos ter uma melhor negociação?	Maria Nita Dengo	Portuguese
14-Apr-13	O Elefante Branco? Pagamento de Impostos em Moçambique I	Tomas Manhicane Jr	Portuguese
18-Apr	Banco Nacional de Investimento? Será que vamos repetir a experiencia com o BPD – Banco Popular de Desenvolvimento?	António Franco	Portuguese
6-May-13	Maximização de receitas do sector dos recursos não-renováveis	António Franco	Portuguese
21-May-13	As PPPs em Mocambique – Uma solução para a eficiência dos serviços públicos?	Benjamim Nandja	Portuguese
24-Jun-13	Criação de Emprego e a Lei de Trabalho	António Franco	Portuguese
28-Jun-13	Regimes Específicos de Tributação da Actividade Mineira e Petrolífera	António Franco	Portuguese
2-Jul-13	Um Paradigma Económico em Queda Livre: As Barreiras Não Fiscais na Agricultura em Moçambique I	Tomas Manhicane Jr	Portuguese
3-Jul-13	A comunicação e rápidas mudanças nas reformas económicas	Maria Nita Dengo	Portuguese
25-Jul-13	Será possível evitar a "maldição de recursos" em Moçambique?	Antonio Franco	Portuguese
28-Aug-13	Moçambique Conteúdo Local: considerações preliminares (I)	Maria Nita Dengo	Portuguese

ANNEX 3: SITT SUMMARY TABLE

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
6	Insolvency law	Policy	4. Passed	Q3
9	Competition law	Policy	4. Passed	Q2
15	Anti-corruption legislation	Policy	5. Implementation begun	Q1
19	Public-private partnership regulations	Regulation	5. Implementation begun	Q1
21	EIT Policy	Policy	4. Passed	Q1
			5. Implementation begun	Q2
25	Agriculture Investment Plan	Policy	3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q3
28	Construction permits procedures in Quelimane	Admin Procedures	3. Presented for legislation	Q1
33	Mobile operators administrative procedures	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q1
35	International trade website - Survey	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q3

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
36	Single Electronic Window procedures	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q3
			5. Implementation begun	Q3
37	Tax payment procedures	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q4
38	Open skies	Policy	1. Analyzed	Q2
39	Quelimane audit	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q1
40	Streamlining application forms for starting a business	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3
			4. Passed	Q4
41	Agriculture policy commitments under New Alliance	Policy	3. Presented for legislation	Q1
			4. Passed	Q1
			5. Implementation begun	Q2

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
42	Business environment improvement strategy 2013-2017 (EMAN II)	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q4
43	Non-tax barriers to agriculture	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
44	Streamlining business registration	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q4
45	International trade website	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
46	Capitalization of the transit trade module	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
47	Construction licenses procedures - Phase II	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3
48	Extractives Strategy for USAID	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3
49	Communication for Policy Change	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
50	Mining tax law and Petroleum tax law	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q4
51	Anti-corruption legislation	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3
52	Public private partnership regulations	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

SITT #	SITT Name	Legal Instrument	Stages Achieved this year FY2013	When Achieved
53	Public private partnership regulations	Support of New Alliance Projects in Mozambique	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4
54	Foreign employment law analysis	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
55	Business environment evolution	Admin Procedures	1. Analyzed	Q4
56	Local content assessment	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
57	Land manual training and dissemination	Admin Procedures	1. Analyzed	Q4
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
59	Competitiveness mission	Policy	1. Analyzed	Q4
60	Insolvency law - Implementation	Admin Procedures	1. Analyzed	Q4